

JUL 27 1987

BOSTON GLOBE

Casey reportedly shunned the CIA

Used own channels with North

Adam Pertman
The Staff

WASHINGTON - The Reagan administration did not consult with top intelligence officials in constructing its Iran-arms policy and ignored urgent warnings that some participants in the initiative were untrustworthy, a senior CIA official said in testimony released yesterday.

Clair George, the agency's deputy director for operations, told congressional investigators during a closed-door hearing that he and other specialists in covert actions voiced their concerns from the start. As a result, he said, former CIA Director William Casey circumvented the skeptics and assigned a subordinate with no experience in special operations to handle the assignment.

Contra leaders say they will propose that US aid be cut off to show their commitment to peace in Central America. Page 15.

"There couldn't have been a better mismatch," George said of Casey's decision to use Charles Allen, the agency's chief terrorism officer. "... It was a terrible mistake; I should have fought with Casey."

George, who testified earlier this month, was the last witness to appear before the congressional Iran-contra committees. Transcripts of his testimony were released yesterday, after sensitive material was deleted.

Like the head of the CIA's task force for Central America - Alan Fiers, whose testimony was made public Tuesday - George apologized for misleading Congress last year about his knowledge of US support for the contras during a congressional ban on such activity. In his explanation, George gave one of the strongest indications to date that US officials had questions about the legality of the operations.

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- CIA Deputy Director Clair George

Along with Fiers, George questioned the veracity of Lt. Col. Oliver North and of some of the people North engaged in the Iran-contra initiatives.

Although he said he liked North and thought highly of some of his work, George described what he called the Marine officer's "harebrained schemes."

He said North had a propensity to stretch the truth, if not to alter it, and took issue with North's contention that lies were necessary during covert actions. "I disagree with Colonel North as strongly as I can disagree with anyone," George said, adding that lying to one's government colleagues could result in "the destruction of a secret service in a democracy."

"God bless poor Colonel North," he said. "Everything was his; the world is mine, I'm going to see the president, I'm going to see the king, I'm going to fly to Central America and have a private conference."

George said, for example, that it was not possible that Casey gave North poison pills to take in case he was taken captive during a trip to Iran, as North testified happened. And George said he once passed up a North offer to

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rent a \$200,000 ship to the CIA for \$1.5 million a month, because "it was not the best deal I ever worked for the taxpayers."

He also contradicted statements by North and retired Air Force Maj. Gen. Richard Secord that the equipment used by the private contra-resupply network was to be given rather than sold to the CIA. "Were I so foolish as to say 'yes, I'll buy your airplanes,' I'm not sure he could have even produced any airplanes," George said.

George said North and Secord were wrong in contending that the profits they generated belonged to their "enterprise" rather than to the US government. He said it was standard procedure to use American materials such as weapons in secret operations, even those run by outside personnel, but the money involved is always considered to belong to the United States.

An unresolved question in the Iran-contra investigation is whether \$8 million in overseas bank accounts will go to Secord and his business partner, Albert Hakim, or to the US Treasury.

George had harsh words for Hakim and Secord, both of whom he said were considered unreliable by CIA analysts. He said he initiated a discussion with Casey in January 1986 specifically to say "very strongly" that Secord should not be used even if an arms-for-hostages program is implemented.

George said Casey apparently disregarded his advice, adding that he doubted North's testimony that Casey had recommended Secord for the operation.

Ghorbanifar Discredited

George was most critical in his assessment of Manucher Ghorbanifar, a middleman used by North for most of the arms deals. Ghorbanifar's credibility has been assailed by many witnesses, but George said the Iranian businessman had been considered so unreliable that the CIA put out at least one "burn notice" on him.

A burn notice is a worldwide warning not to believe or employ a specific individual. George said issuance of such an alert is "a very rare occurrence."

George said he was so disturbed when he heard Ghorbanifar would be used in the Iran operation that he took the unusual step of telling Casey he would have nothing to do with the project. "I said, 'Bill, I am not going to run this guy anymore,' which means in our language: 'I will not handle him; he is a bum.'"

Casey's reply, according to George, was that Ghorbanifar had useful information on terrorist activities. That episode apparently led to Casey's assignment of Allen as the agency's contact for the arms-sales initiative.

Saying he did not know of Casey's action, George said he put out a notice in mid-January that the CIA would no longer do business with Ghorbanifar. George said he had been "playing the fool" because he did not know that on the same day, President Reagan signed an authorization for the Iran project, which integrally relied on Ghorbanifar.

Overall, George said, the CIA was badly used and specialists in the agency were disregarded or circumvented. "I was never invited at all, nor my fellow professionals in the operations directorate, to comment upon the validity, success quotient of the Iranian arms deal," he said.

In his testimony, Fiers gave an equally critical assessment of how US officials had proceeded despite the warnings of CIA specialists.

Fiers said he did not trust the "unsavory nature" of the contra-resupply network because of the people North had running it; some of them had ties with Edwin Wilson, a former CIA agent now in jail for supplying weapons to Libya.

"I knew it was big-time bad and I told Ollie that and tried to give him a wave off," Fiers said. He said the man running the operation for a time, Richard Gadd, set off "shyster alarms." 848/27